

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**  
**BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

Appellant(s) : W. Jeffrey Knowles *et al.*  
Serial Number : 10/629,784  
Filing Date : July 29, 2003  
Title : SYSTEM AND METHOD OF ACCOUNT  
RECONCILIATION FOR ELECTRONIC  
TRANSACTIONS  
Confirmation No. : 7791  
Examiner : Fields, Benjamin S.  
TC/Art Unit : 3692  
USPTO Customer No. : 26707  
Attorney Docket No. : 670744.00005

---

**APPEAL BRIEF**

---

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

Appellants submit the following Appeal Brief under 37  
C.F.R. § 41.37 appealing the Final Rejection from the USPTO  
dated March 19, 2008.

## TABLE OF CONTENTS

	PAGE
I. REAL PARTY IN INTEREST.....	1
II. RELATED APPEALS AND INTERFERENCES.....	2
III. STATUS OF CLAIMS.....	3
IV. STATUS OF AMENDMENTS.....	4
V. SUMMARY OF CLAIMED SUBJECT MATTER.....	5
VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL.....	9
VII. ARGUMENT.....	10
A. Legal Standard.....	10
B. Claim 1 is patentable over prior art reference Dunn.....	11
C. Claim 10 is patentable over prior art reference Dunn.....	18
D. Claim 16 is patentable over prior art reference Dunn.....	24
E. Claim 21 is patentable over prior art reference Dunn.....	30
F. Conclusion.....	38
VIII. CLAIMS APPENDIX.....	39
IX. EVIDENCE APPENDIX.....	49
X. RELATED PROCEEDINGS APPENDIX.....	50

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles et al.  
APPEAL BRIEF

**I. REAL PARTY IN INTEREST**

MTREX, INC., a Utah corporation, having a principal place of business at 727 North 1550 East, Suite 250, Orem, Utah 84097, is the real party in interest of the present application. An assignment of all rights, title, and interest in the present application to MTREX, INC. was executed by each of the inventors and recorded by the U.S. Patent and Trademark Office at reel 014356, frame 0054.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles et al.  
APPEAL BRIEF

## **II. RELATED APPEALS AND INTERFERENCES**

Appellant currently has an appeal pending for related application number 10/370,676. There are no interferences pending related to the present application.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles *et al.*  
APPEAL BRIEF

### **III. STATUS OF CLAIMS**

The present application contains claims 1-24. Claim 6 is cancelled and claims 1-5 and 7-24 are on Appeal.

Claims 1-5 and 7-24 have been finally rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent 5134564 to Dunn *et al.* (Dunn).

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles *et al.*  
APPEAL BRIEF

**IV. STATUS OF AMENDMENTS**

None.

**V. SUMMARY OF CLAIMED SUBJECT MATTER**

With respect to claim 1, the present invention is a method of reconciling financial transactions comprising receiving transaction data from a bank, page 47, lines 27-31 and FIGs. 10 and 11, storing a copy of the transaction data in a data source, page 23, lines 18-25, page 51, lines 5-18, and FIG. 3, and transmitting the transaction data to a credit card association, page 47, lines 9-17. The method includes receiving a first statement of financial transactions generated according to a first set of rules from the credit card association, page 49, lines 19-26, and FIGs. 10 and 11, retrieving the copy of the transaction data from the data source, page 51, lines 9-14 and FIG. 10, and generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions, page 51 line 15 - page 52, line 25 and FIGs. 10 and 11. The method includes comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions, page 52, line 32 - page 53, line 12 and FIG. 11. The discrepancy includes different total transaction amounts resulting from the first set of rules and second set of rules using different exchange rates, page 54, lines 22-31 and FIG. 11.

With respect to claim 10, the present invention is a method of performing account reconciliation of financial

transactions comprising receiving transaction data from a first financial institution, page 47, lines 27-31 and FIGs. 10 and 11, storing a copy of the transaction data in a data source, page 23, lines 18-25, page 51, lines 5-18, and FIG. 3, transmitting the transaction data to a second financial institution, page 47, lines 9-17, and receiving a first statement of financial transactions generated according to a first set of rules from the second financial institution, page 49, lines 19-26, and FIGs. 10 and 11. The method includes retrieving the copy of the transaction data from the data source, page 51, lines 9-14 and FIG. 10, generating a second statement of financial transactions from the copy of the transaction data using a second set of rules, page 51 line 15 - page 52, line 25 and FIGs. 10 and 11, and comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions, page 52, line 32 - page 53, line 12 and FIG. 11. The discrepancy being selected from the group consisting of differing total transaction amounts, page 54, lines 22-31, differing interchange fees, page 56, line 33 - page 57, line 6, differing exchange rates, page 56, lines 24-29, differing amounts of a single transaction, page 54, lines 22-31, differing transaction dates, page 55, lines 27-32, and differing transaction merchants, page 56, lines 11-17. The method includes determining causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions, page 66,



lines 3-7 and FIGs. 10 and 11.

With respect to claim 16, the present invention is a credit card processing system comprising a data processing center having a communication link to a bank to receive transaction data, page 47, lines 27-31 and FIGs. 10 and 11, a data source for storing a copy of the transaction data, page 23, lines 18-25, page 51, lines 5-18, and FIG. 3, and a communication link to a credit card association to transmit the transaction data and to receive a first statement of credit card transactions generated using a first set of rules, page 49, lines 19-26, and FIGs. 10 and 11. The data processing center retrieves the copy of the transaction data from the data source and generates a second statement of credit card transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of credit card transactions, page 51, lines 9-14, page 51 line 15 - page 52, line 25 and FIGs. 10 and 11, and compares the second statement of credit card transactions to the first statement of credit card transactions to identify discrepancy between the first statement of credit card transactions and the second statement of credit card transactions, page 52, line 32 - page 53, line 12 and FIG. 11.

With respect to claim 21, the present invention is a computer based system, page 26, line 16 - page 27, line 14, for reconciling financial transactions comprising means for receiving transaction data from a bank, page 47, lines 27-31 and FIGs. 10 and 11, means for storing a copy of the transaction data in a data source, page 23, lines 18-25,

page 51, lines 5-18, and FIG. 3, and means for transmitting the transaction data to a credit card association, page 47, lines 9-17. The system includes means for receiving a first statement of financial transactions generated according to a first set of rules from the credit card association, page 49, lines 19-26, and FIGs. 10 and 11, means for retrieving the copy of the transaction data from the data source, page 51, lines 9-14 and FIG. 10, and means for generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions, page 51 line 15 - page 52, line 25 and FIGs. 10 and 11. The system includes means for comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions, page 52, line 32 - page 53, line 12 and FIG. 11.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles *et al.*  
APPEAL BRIEF

**VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

1. Whether claims 1-5 and 7-24 are anticipated under 35 U.S.C. § 102(b) by U.S. Patent No. 5134564 to Dunn *et al.* (Dunn).

## **VII. ARGUMENT**

### **A. Legal Standard**

#### **i. 35 U.S.C. § 102(b)**

Under 35 U.S.C. 102, "a person shall be entitled to a patent unless (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." Therefore, a claim is anticipated if every element recited in the claim can be found in a single prior publication, patent, or invention, either explicitly or inherently. See *Glaxo Inc. v. Novopharm Ltd.*, 52 F.3d 1043, 1047 (Fed. Cir. 1995). If the reference fails to suggest, either explicitly or inherently, even one limitation of the claimed invention, then the claim is not anticipated. *Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 1574 (Fed. Cir. 1984). To be anticipatory based on inherency, it must be clear that the missing descriptive matter is present and would be recognized by persons of ordinary skill in the art. *Continental Can Co., U.S.A. v. Monsanto Co.*, 948 F.2d 1264 (Fed. Cir. 1991).

**B. Claim 1 is patentable over prior art reference  
Dunn.**

The Final Office Action rejected claim 1 under 35 U.S.C. § 102(b) as being unpatentable over Dunn. Appellants respectfully traverse the rejection and submit the following arguments in favor of reversal of the rejection and allowance of the claim.

In Appellants' response dated February 1, 2008, claim 1 was amended to more clearly distinguish over the prior art references. Claim 1 recites a method of reconciling financial transactions comprising receiving transaction data from a bank, storing a copy of the transaction data in a data source, and transmitting the transaction data to a credit card association. The method includes receiving a first statement of financial transactions generated according to a first set of rules from the credit card association, retrieving the copy of the transaction data from the data source, and generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions. The method includes comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions. The discrepancy includes different total transaction amounts resulting from the first set of rules and second set of rules using different exchange rates.

In the Office Action, the Examiner asserts that claim 1 is anticipated by the Dunn reference. The Dunn reference describes a system and method for reconciling a list of records generated by a bank and a second list of records provided by a bank customer. In the system, an individual or merchant first uses a computer system to maintain a record of financial transactions. Column 6, lines 28-31. After executing each transaction, the merchant transmits a record of the transaction to the merchant's bank. The merchant's bank receives the transaction and updates the merchant's account accordingly. Column 5, lines 55-58. Periodically, the bank transmits a statement to the merchant. The statement includes a summary listing of all transactions received by the bank and shows changes to the merchant's account based upon those transactions. Column 5, lines 61-66. In the Dunn reference, the reconciliation system retrieves both the merchant's own transaction records and the listing provided by the bank, and then compares the transaction records to find discrepancies. Column 6, lines 58-61. If a discrepancy is found, the system "displays a bank statement record on a screen along with the closest match found. The user chooses among several potential courses of action to resolve the discrepancy." Column 7, lines 61-64. Accordingly, the Dunn reference allows a merchant to compare its list of executed business transactions to a summary of the corresponding account transactions performed by the merchant's bank. The system never performs additional analysis or modification of the transaction records during operation. Similarly, the system never accounts for

differing rules used by either the merchant or the bank that may result in a transaction listing having different total amounts or including additional fees and charges.

In the present system, however, the financial transaction data is received and manipulated in accordance with at least two different sets of rules before discrepancy analysis. In one embodiment, as supported by the specification, the transaction data is transmitted to a credit card association. After receiving the transaction data, the credit card association modifies the data in accordance with a first set of rules. The credit card association's rules define how the association handles transactions and assesses various fees and charges related to the credit card services. For example, the rules may require that a particular fee be assessed if the volume of transactions performed by a particular customer is beneath a particular threshold. Alternatively, the rules may require the assessment of certain fees for the credit card association performing currency exchanges. After modification, as described in the specification, the resulting statement of financial transactions may include a listing of (1) sales of goods and services, (2) credits, (3) interchange fees, (4) charge-backs, and (5) representments. See page 47, line 33 - page 48, line 1. The system also generates a second statement of financial transactions by applying a second set of rules to the original transaction data. The second set of rules need not be provided by the credit card association, but is consistent with the published policies and practices of the credit card association and any contract agreement between

the customer and the credit card association. Having received the first financial statement from the credit card association and having generated a second financial statement using a second set of rules, the system compares the two resulting financial statements to find discrepancies. In the present system, therefore, detected discrepancies include not only account credit and debit errors - the only errors detected by the Dunn system - but also discrepancies resulting from the credit card association failing to execute a transaction in accordance with its stated rules and policies, possibly by assessing inaccurate fees or service charges.

Accordingly, the present system is configured to detect discrepancies resulting from more than just the clerical errors described by the Dunn reference. Unlike the Dunn reference, which only compares account debits and credits to a list of records maintained by an individual or merchant, the present system verifies the accurate assessment of non-transaction related fees and charges. By independently creating a statement of financial transactions using a rule set consistent with the published policies of the financial institution, the present system can verify that the financial institution is accurately operating in accordance with its own stated policies. Even if the transactions (i.e., credits and debits) executed by the financial institution are accurate, errors may still exist in the form of incorrect exchange rates, inaccurate interchange fees, or inappropriate assessment of other operating or service charges. The Dunn reference cannot detect these errors. The Dunn reference never discloses



the application of a set of rules to determine whether non-transaction-related fees have been correctly assessed. The Dunn reference can only verify that a particular debit or credit has been applied to a customer's bank account - it never inspects or otherwise detects discrepancies in other charges or fees.

With specific reference to claim 1, the Dunn reference does not teach or suggest transmitting the transaction data to a credit card association and receiving a first statement of financial transactions generated according to a first set of rules from the credit card association. As discussed above, the Dunn reference only discloses receiving a listing of account transactions from a bank. See Abstract. In the reference, the bank never applies its own rules to the financial transaction data to generate a first statement of financial transactions. In fact, as described by the Dunn reference, the bank simply receives transactions from the individual or business and then debits or credits a bank account accordingly. As illustrated in FIG. 1 of the reference, the bank receives a listing of transactions and executes them. At the end of the statement cycle, the debits and credits applied to the individual or business's account are summarized in a summary statement and transmitted to the customer. See column 4, lines 55-66. As shown on FIG. 1, after executing and storing the records of bank account transactions, the summary is generated by simply extracting the same records that were originally received from the bank customer. See FIG. 1. Throughout the reference, the summary statement of the Dunn reference only summarizes the debits and credits

applied to the customer's bank account. The summary statement never includes additional fees or service charges and is never generated through the application of a set of rules to the transaction data. Accordingly, at no time does the Dunn reference disclose the receipt of a first statement of financial transactions that are generated by the application of a first set of rules to transaction data as required by the present claim.

The Dunn reference does not teach or suggest retrieving the copy of the transaction data from the data source and generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions. Again, as discussed above, the Dunn reference never discloses using a set of rules to modify transaction data to generate a second statement of financial transactions. In the Dunn reference, an individual or business maintains a listing of financial transactions. Column 6, lines 28-31. During the reconciliation process, the financial transactions are retrieved and compared to the summary statement provided by the bank. See Column 6, lines 41-64. At no time does the Dunn reference disclose modifying the individual or business's financial transaction data using a set of rules. Instead, the Dunn reference only discloses comparing the raw transaction data collected by a merchant to a summary statement provided by a bank. Accordingly, the Dunn reference fails to disclose retrieving the copy of the transaction data from the data source and generating a

second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions.

The Dunn reference does not teach or suggest wherein the discrepancy includes different total transaction amounts resulting from the first set of rules and second set of rules using different exchange rates. In making the rejection, the Examiner asserts that the claim limitation is disclosed by column 3, lines 41-50 and 50-53 of the Dunn reference. The cited portion of the Dunn reference, however, never discusses a discrepancy resulting from differing exchange rates in two different sets of rules. In fact, the cited portions of the Dunn reference only mention "unmatched records" with no discussion of possible causes of the unmatched records. Column 3, lines 52-53. Furthermore, as discussed above, the Dunn reference never discloses the application of sets of rules to modify transaction data. Accordingly, the Dunn reference fails to disclose discrepancies between statements of financial transaction data that result from the application of rule sets using different exchange rates.

In light of the foregoing, claim 1 is believed to patentably distinguish over the Dunn reference. Claims 2-5 and 7-9 are believed to be in condition for allowance as each is dependent from an allowable base claim.

**C. Claim 10 is patentable over prior art reference  
Dunn.**

The Final Office Action rejected claim 10 under 35 U.S.C. § 102(b) as being unpatentable over Dunn. Appellants respectfully traverse the rejection and submit the following arguments in favor of reversal of the rejection and allowance of the claim.

In Appellants' response dated February 1, 2008, claim 10 was amended to more clearly distinguish over the prior art references. Claim 10 recites a method of performing account reconciliation of financial transactions comprising receiving transaction data from a first financial institution, storing a copy of the transaction data in a data source, transmitting the transaction data to a second financial institution, and receiving a first statement of financial transactions generated according to a first set of rules from the second financial institution. The method includes retrieving the copy of the transaction data from the data source, generating a second statement of financial transactions from the copy of the transaction data using a second set of rules, and comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions. The discrepancy is selected from the group consisting of differing total transaction amounts, differing interchange fees, differing exchange rates, differing amounts of a single transaction, differing transaction dates, and differing transaction

merchants. The method includes determining causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions.

In the Office Action, the Examiner asserts that claim 10 is anticipated by the Dunn reference. The Dunn reference describes a system and method for reconciling a list of records generated by a bank and a second list of records provided by a bank customer. In the system, an individual or merchant first uses a computer system to maintain a record of financial transactions. Column 6, lines 28-31. After executing each transaction, the merchant transmits a record of the transaction to the merchant's bank. The merchant's bank receives the transaction and updates the merchant's account accordingly. Column 5, lines 55-58. Periodically, the bank transmits a statement to the merchant. The statement includes a summary listing of all transactions received by the bank and shows changes to the merchant's account based upon those transactions. Column 5, lines 61-66. In the Dunn reference, the reconciliation system retrieves both the merchant's own transaction records and the listing provided by the bank, and then compares the transaction records to find discrepancies. Column 6, lines 58-61. If a discrepancy is found, the system "displays a bank statement record on a screen along with the closest match found. The user chooses among several potential courses of action to resolve the discrepancy." Column 7, lines 61-64. Accordingly, the Dunn reference allows a merchant to compare its list of executed business transactions to a

summary of the corresponding account transactions performed by the merchant's bank. The system never performs additional analysis or modification of the transaction records during operation. Similarly, the system never accounts for differing rules used by either the merchant or the bank that may result in a transaction listing having different total amounts or including additional fees and charges.

In the present system, however, the financial transaction data is received and manipulated in accordance with at least two different sets of rules before discrepancy analysis. In one embodiment, as supported by the specification, the transaction data is transmitted to a credit card association. After receiving the transaction data, the credit card association modifies the data in accordance with a first set of rules. The credit card association's rules define how the association handles transactions and assesses various fees and charges related to the credit card services. For example, the rules may require that a particular fee be assessed if the volume of transactions performed by a particular customer is beneath a particular threshold. Alternatively, the rules may require the assessment of certain fees for the credit card association performing currency exchanges. After modification, as described in the specification, the resulting statement of financial transactions may include a listing of (1) sales of goods and services, (2) credits, (3) interchange fees, (4) charge-backs, and (5) representments. See page 47, line 33 - page 48, line 1. The system also generates a second statement of financial

transactions by applying a second set of rules to the original transaction data. The second set of rules need not be provided by the credit card association, but is consistent with the published policies and practices of the credit card association and any contract agreement between the customer and the credit card association. Having received the first financial statement from the credit card association and having generated a second financial statement using a second set of rules, the system compares the two resulting financial statements to find discrepancies. In the present system, therefore, detected discrepancies include not only account credit and debit errors - the only errors detected by the Dunn system - but also discrepancies resulting from the credit card association failing to execute a transaction in accordance with its stated rules and policies, possibly by assessing inaccurate fees or service charges.

Accordingly, the present system is configured to detect discrepancies resulting from more than just the clerical errors described by the Dunn reference. Unlike the Dunn reference, which only compares account debits and credits to a list of records maintained by an individual or merchant, the present system verifies the accurate assessment of non-transaction related fees and charges. By independently creating a statement of financial transactions using a rule set consistent with the published policies of the financial institution, the present system can verify that the financial institution is accurately operating in accordance with its own stated policies. Even if the transactions (i.e., credits and debits) executed by

the financial institution are accurate, errors may still exist in the form of incorrect exchange rates, inaccurate interchange fees, or inappropriate assessment of other operating or service charges. The Dunn reference cannot detect these errors. The Dunn reference never discloses the application of a set of rules to determine whether non-transaction-related fees have been correctly assessed. The Dunn reference can only verify that a particular debit or credit has been applied to a customer's bank account - it never inspects or otherwise detects discrepancies in other charges or fees.

With specific reference to claim 10, the Dunn reference does not teach or suggest transmitting the transaction data to a second financial institution and receiving a first statement of financial transactions generated according to a first set of rules from the second financial institution. As discussed above, the Dunn reference only discloses receiving a listing of account transactions from a bank. See Abstract. In the reference, the bank never applies its own rules to the financial transaction data to generate a first statement of financial transactions. In fact, as described by the Dunn reference, the bank simply receives transactions from the individual or business and then debits or credits a bank account accordingly. As illustrated in FIG. 1 of the reference, the bank receives a listing of transactions and executes them. At the end of the statement cycle, the debits and credits applied to the individual or business's account are summarized in a summary statement and transmitted to the customer. See column 4, lines 55-66. As shown on FIG. 1,



after executing and storing the records of bank account transactions, the summary is generated by simply extracting the same records that were originally received from the bank customer. See FIG. 1. Throughout the reference, the summary statement of the Dunn reference only summarizes the debits and credits applied to the customer's bank account. The summary statement never includes additional fees or service charges and is never generated through the application of a set of rules to the transaction data. Accordingly, at no time does the Dunn reference disclose transmitting the transaction data to a second financial institution and receiving a first statement of financial transactions generated according to a first set of rules from the second financial institution as required by the present claim.

The Dunn reference does not teach or suggest retrieving the copy of the transaction data from the data source and generating a second statement of financial transactions from the copy of the transaction data using a second set of rules. Again, as discussed above, the Dunn reference never discloses using a set of rules to modify transaction data to generate a second statement of financial transactions. In the Dunn reference, an individual or business maintains a listing of financial transactions. Column 6, lines 28-31. During the reconciliation process, the financial transactions are retrieved and compared to the summary statement provided by the bank. See Column 6, lines 41-64. At no time does the Dunn reference disclose modifying the individual or business's financial transaction data using a set of rules.

Instead, the Dunn reference only discloses comparing the raw transaction data collected by a merchant to a summary statement provided by a bank. Accordingly, the Dunn reference fails to disclose retrieving the copy of the transaction data from the data source and generating a second statement of financial transactions from the copy of the transaction data using a second set of rules.

In light of the foregoing, claim 10 is believed to patentably distinguish over the Dunn reference. Claims 11-15 are believed to be in condition for allowance as each is dependent from an allowable base claim.

**D. Claim 16 is patentable over prior art reference Dunn.**

The Final Office Action rejected claim 16 under 35 U.S.C. § 102(b) as being unpatentable over Dunn. Appellants respectfully traverse the rejection and submit the following arguments in favor of reversal of the rejection and allowance of the claim.

In Appellants' response dated February 1, 2008, claim 16 was amended to more clearly distinguish over the prior art references. Claim 16 recites a credit card processing system comprising a data processing center having a communication link to a bank to receive transaction data, a data source for storing a copy of the transaction data, and a communication link to a credit card association to transmit the transaction data and to receive a first statement of credit card transactions generated using a

first set of rules. The data processing center retrieves the copy of the transaction data from the data source and generates a second statement of credit card transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of credit card transactions, and compares the second statement of credit card transactions to the first statement of credit card transactions to identify discrepancy between the first statement of credit card transactions and the second statement of credit card transactions.

In the Office Action, the Examiner asserts that claim 16 is anticipated by the Dunn reference. The Dunn reference describes a system and method for reconciling a list of records generated by a bank and a second list of records provided by a bank customer. In the system, an individual or merchant first uses a computer system to maintain a record of financial transactions. Column 6, lines 28-31. After executing each transaction, the merchant transmits a record of the transaction to the merchant's bank. The merchant's bank receives the transaction and updates the merchant's account accordingly. Column 5, lines 55-58. Periodically, the bank transmits a statement to the merchant. The statement includes a summary listing of all transactions received by the bank and shows changes to the merchant's account based upon those transactions. Column 5, lines 61-66. In the Dunn reference, the reconciliation system retrieves both the merchant's own transaction records and the listing provided by the bank, and then compares the transaction records to

find discrepancies. Column 6, lines 58-61. If a discrepancy is found, the system "displays a bank statement record on a screen along with the closest match found. The user chooses among several potential courses of action to resolve the discrepancy." Column 7, lines 61-64.

Accordingly, the Dunn reference allows a merchant to compare its list of executed business transactions to a summary of the corresponding account transactions performed by the merchant's bank. The system never performs additional analysis or modification of the transaction records during operation. Similarly, the system never accounts for differing rules used by either the merchant or the bank that may result in a transaction listing having different total amounts or including additional fees and charges.

In the present system, however, the financial transaction data is received and manipulated in accordance with at least two different sets of rules before discrepancy analysis. In one embodiment, as supported by the specification, the transaction data is transmitted to a credit card association. After receiving the transaction data, the credit card association modifies the data in accordance with a first set of rules. The credit card association's rules define how the association handles transactions and assesses various fees and charges related to the credit card services. For example, the rules may require that a particular fee be assessed if the volume of transactions performed by a particular customer is beneath a particular threshold. Alternatively, the rules may require the assessment of certain fees for the credit card

association performing currency exchanges. After modification, as described in the specification, the resulting statement of financial transactions may include a listing of (1) sales of goods and services, (2) credits, (3) interchange fees, (4) charge-backs, and (5) representments. See page 47, line 33 - page 48, line 1. The system also generates a second statement of financial transactions by applying a second set of rules to the original transaction data. The second set of rules need not be provided by the credit card association, but is consistent with the published policies and practices of the credit card association and any contract agreement between the customer and the credit card association. Having received the first financial statement from the credit card association and having generated a second financial statement using a second set of rules, the system compares the two resulting financial statements to find discrepancies. In the present system, therefore, detected discrepancies include not only account credit and debit errors - the only errors detected by the Dunn system - but also discrepancies resulting from the credit card association failing to execute a transaction in accordance with its stated rules and policies, possibly by assessing inaccurate fees or service charges.

Accordingly, the present system is configured to detect discrepancies resulting from more than just the clerical errors described by the Dunn reference. Unlike the Dunn reference, which only compares account debits and credits to a list of records maintained by an individual or merchant, the present system verifies the accurate

assessment of non-transaction related fees and charges. By independently creating a statement of financial transactions using a rule set consistent with the published policies of the financial institution, the present system can verify that the financial institution is accurately operating in accordance with its own stated policies. Even if the transactions (i.e., credits and debits) executed by the financial institution are accurate, errors may still exist in the form of incorrect exchange rates, inaccurate interchange fees, or inappropriate assessment of other operating or service charges. The Dunn reference cannot detect these errors. The Dunn reference never discloses the application of a set of rules to determine whether non-transaction-related fees have been correctly assessed. The Dunn reference can only verify that a particular debit or credit has been applied to a customer's bank account - it never inspects or otherwise detects discrepancies in other charges or fees.

With specific reference to claim 16, the Dunn reference does not teach or suggest a communication link to a credit card association to transmit the transaction data and to receive a first statement of credit card transactions generated using a first set of rules. As discussed above, the Dunn reference only discloses receiving a listing of account transactions from a bank. See Abstract. In the reference, the bank never applies its own rules to the financial transaction data to generate a first statement of financial transactions. In fact, as described by the Dunn reference, the bank simply receives transactions from the individual or business and then

debits or credits a bank account accordingly. As illustrated in FIG. 1 of the reference, the bank receives a listing of transactions and executes them. At the end of the statement cycle, the debits and credits applied to the individual or business's account are summarized in a summary statement and transmitted to the customer. See column 4, lines 55-66. As shown on FIG. 1, after executing and storing the records of bank account transactions, the summary is generated by simply extracting the same records that were originally received from the bank customer. See FIG. 1. Throughout the reference, the summary statement of the Dunn reference only summarizes the debits and credits applied to the customer's bank account. The summary statement never includes additional fees or service charges and is never generated through the application of a set of rules to the transaction data. Accordingly, at no time does the Dunn reference disclose a communication link to a credit card association to transmit the transaction data and to receive a first statement of credit card transactions generated using a first set of rules as required by the present claim.

The Dunn reference does not teach or suggest wherein the data processing center retrieves the copy of the transaction data from the data source and generates a second statement of credit card transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of credit card transactions. Again, as discussed above, the Dunn reference never discloses using a set of rules to modify transaction data to generate a

second statement of financial transactions. In the Dunn reference, an individual or business maintains a listing of financial transactions. Column 6, lines 28-31. During the reconciliation process, the financial transactions are retrieved and compared to the summary statement provided by the bank. See Column 6, lines 41-64. At no time does the Dunn reference disclose modifying the individual or business's financial transaction data using a set of rules. Instead, the Dunn reference only discloses comparing the raw transaction data collected by a merchant to a summary statement provided by a bank. Accordingly, the Dunn reference fails to disclose wherein the data processing center retrieves the copy of the transaction data from the data source and generates a second statement of credit card transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of credit card transactions.

In light of the foregoing, claim 16 is believed to patentably distinguish over the Dunn reference. Claims 17-20 are believed to be in condition for allowance as each is dependent from an allowable base claim.

**E. Claim 21 is patentable over prior art reference Dunn.**

The Final Office Action rejected claim 21 under 35 U.S.C. § 102(b) as being unpatentable over Dunn. Appellants respectfully traverse the rejection and submit



the following arguments in favor of reversal of the rejection and allowance of the claim.

In Appellants' response dated February 1, 2008, claim 21 was amended to more clearly distinguish over the prior art references. Claim 21 recites a computer based system for reconciling financial transactions comprising means for receiving transaction data from a bank, means for storing a copy of the transaction data in a data source, and means for transmitting the transaction data to a credit card association. The system includes means for receiving a first statement of financial transactions generated according to a first set of rules from the credit card association, means for retrieving the copy of the transaction data from the data source, and means for generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions. The system includes means for comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions.

In the Office Action, the Examiner asserts that claim 21 is anticipated by the Dunn reference. The Dunn reference describes a system and method for reconciling a list of records generated by a bank and a second list of records provided by a bank customer. In the system, an individual or merchant first uses a computer system to

maintain a record of financial transactions. Column 6, lines 28-31. After executing each transaction, the merchant transmits a record of the transaction to the merchant's bank. The merchant's bank receives the transaction and updates the merchant's account accordingly. Column 5, lines 55-58. Periodically, the bank transmits a statement to the merchant. The statement includes a summary listing of all transactions received by the bank and shows changes to the merchant's account based upon those transactions. Column 5, lines 61-66. In the Dunn reference, the reconciliation system retrieves both the merchant's own transaction records and the listing provided by the bank, and then compares the transaction records to find discrepancies. Column 6, lines 58-61. If a discrepancy is found, the system "displays a bank statement record on a screen along with the closest match found. The user chooses among several potential courses of action to resolve the discrepancy." Column 7, lines 61-64. Accordingly, the Dunn reference allows a merchant to compare its list of executed business transactions to a summary of the corresponding account transactions performed by the merchant's bank. The system never performs additional analysis or modification of the transaction records during operation. Similarly, the system never accounts for differing rules used by either the merchant or the bank that may result in a transaction listing having different total amounts or including additional fees and charges.

In the present system, however, the financial transaction data is received and manipulated in accordance

with at least two different sets of rules before discrepancy analysis. In one embodiment, as supported by the specification, the transaction data is transmitted to a credit card association. After receiving the transaction data, the credit card association modifies the data in accordance with a first set of rules. The credit card association's rules define how the association handles transactions and assesses various fees and charges related to the credit card services. For example, the rules may require that a particular fee be assessed if the volume of transactions performed by a particular customer is beneath a particular threshold. Alternatively, the rules may require the assessment of certain fees for the credit card association performing currency exchanges. After modification, as described in the specification, the resulting statement of financial transactions may include a listing of (1) sales of goods and services, (2) credits, (3) interchange fees, (4) charge-backs, and (5) representments. See page 47, line 33 - page 48, line 1. The system also generates a second statement of financial transactions by applying a second set of rules to the original transaction data. The second set of rules need not be provided by the credit card association, but is consistent with the published policies and practices of the credit card association and any contract agreement between the customer and the credit card association. Having received the first financial statement from the credit card association and having generated a second financial statement using a second set of rules, the system compares the two resulting financial statements to find

discrepancies. In the present system, therefore, detected discrepancies include not only account credit and debit errors - the only errors detected by the Dunn system - but also discrepancies resulting from the credit card association failing to execute a transaction in accordance with its stated rules and policies, possibly by assessing inaccurate fees or service charges.

Accordingly, the present system is configured to detect discrepancies resulting from more than just the clerical errors described by the Dunn reference. Unlike the Dunn reference, which only compares account debits and credits to a list of records maintained by an individual or merchant, the present system verifies the accurate assessment of non-transaction related fees and charges. By independently creating a statement of financial transactions using a rule set consistent with the published policies of the financial institution, the present system can verify that the financial institution is accurately operating in accordance with its own stated policies. Even if the transactions (i.e., credits and debits) executed by the financial institution are accurate, errors may still exist in the form of incorrect exchange rates, inaccurate interchange fees, or inappropriate assessment of other operating or service charges. The Dunn reference cannot detect these errors. The Dunn reference never discloses the application of a set of rules to determine whether non-transaction-related fees have been correctly assessed. The Dunn reference can only verify that a particular debit or credit has been applied to a customer's bank account - it

never inspects or otherwise detects discrepancies in other charges or fees.

With specific reference to claim 21, the Dunn reference does not teach or suggest means for transmitting the transaction data to a credit card association, and means for receiving a first statement of financial transactions generated according to a first set of rules from the credit card association. As discussed above, the Dunn reference only discloses receiving a listing of account transactions from a bank. See Abstract. In the reference, the bank never applies its own rules to the financial transaction data to generate a first statement of financial transactions. In fact, as described by the Dunn reference, the bank simply receives transactions from the individual or business and then debits or credits a bank account accordingly. As illustrated in FIG. 1 of the reference, the bank receives a listing of transactions and executes them. At the end of the statement cycle, the debits and credits applied to the individual or business's account are summarized in a summary statement and transmitted to the customer. See column 4, lines 55-66. As shown on FIG. 1, after executing and storing the records of bank account transactions, the summary is generated by simply extracting the same records that were originally received from the bank customer. See FIG. 1. Throughout the reference, the summary statement of the Dunn reference only summarizes the debits and credits applied to the customer's bank account. The summary statement never includes additional fees or service charges and is never generated through the application of a set of rules to the

transaction data. Accordingly, at no time does the Dunn reference disclose means for transmitting the transaction data to a credit card association, and means for receiving a first statement of financial transactions generated according to a first set of rules from the credit card association as required by the present claim.

The Dunn reference does not teach or suggest means for retrieving the copy of the transaction data from the data source, and means for generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions. Again, as discussed above, the Dunn reference never discloses using a set of rules to modify transaction data to generate a second statement of financial transactions. In the Dunn reference, an individual or business maintains a listing of financial transactions. Column 6, lines 28-31. During the reconciliation process, the financial transactions are retrieved and compared to the summary statement provided by the bank. See Column 6, lines 41-64. At no time does the Dunn reference disclose modifying the individual or business's financial transaction data using a set of rules. Instead, the Dunn reference only discloses comparing the raw transaction data collected by a merchant to a summary statement provided by a bank. Accordingly, the Dunn reference fails to disclose means for retrieving the copy of the transaction data from the data source, and means for generating a second statement of financial transactions from the copy of the transaction data using a second set of

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles et al.  
APPEAL BRIEF

rules consistent with the first set of rules used to generate the first statement of financial transactions.

In light of the foregoing, claim 21 is believed to patentably distinguish over the Dunn reference. Claims 22-24 are believed to be in condition for allowance as each is dependent from an allowable base claim.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles et al.  
APPEAL BRIEF

**F. Conclusion**

When properly considered in view of the applicable legal standard, claims 1-5 and 7-24 are believed to be patentable in view of the prior art of record. Appellants request reversal of the final rejection and allowance of the subject patent application.

Respectfully submitted,  
**QUARLES & BRADY LLP**

July 31, 2008

By: 

Robert D. Atkins

Registration No. 34,288

**Address all correspondence to:**

Robert D. Atkins  
Quarles & Brady LLP  
One Renaissance Square  
Two North Central Avenue  
Phoenix, AZ 85004  
Telephone: 602-229-5290  
Facsimile: 602-229-5690  
Email: rda@quarles.com



**VIII. CLAIMS APPENDIX**

1. (Previously presented) A method of reconciling financial transactions, comprising:

receiving transaction data from a bank;

storing a copy of the transaction data in a data source;

transmitting the transaction data to a credit card association;

receiving a first statement of financial transactions generated according to a first set of rules from the credit card association;

retrieving the copy of the transaction data from the data source;

generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions; and

comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second

statement of financial transactions, the discrepancy including different total transaction amounts resulting from the first set of rules and second set of rules using different exchange rates.

2. (Previously presented) The method of claim 1, wherein the step of comparing the second statement of financial transactions to the first statement of financial transactions includes comparing a first value from the first statement of financial transactions with a second value from the second statement of financial transactions to determine a difference between the first value and the second value.

3. (Previously presented) The method of claim 2, wherein the step of comparing the second statement of financial transactions to the first statement of financial transactions further includes identifying causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions.

4. (Previously presented) The method of claim 3, wherein the step of identifying causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions includes evaluating a list of possible errors.

5. (Previously presented) The method of claim 1, further including instituting correction action upon identifying discrepancy between the first statement of financial transactions and the second statement of financial transactions.

6. (Cancelled)

7. (Previously presented) The method of claim 1, wherein the second set of rules is compiled from the first set of rules such that the second statement of financial transactions simulates the first statement of financial transactions and generates similar results given similar data input.

8. (Previously presented) The method of claim 7, wherein the second statement of financial transactions is generated by a third party service provider.

9. (Previously presented) The method of claim 1, wherein the second statement of financial transactions is generated on a per transaction basis.

10. (Previously presented) A method of performing account reconciliation of financial transactions, comprising:

receiving transaction data from a first financial institution;

storing a copy of the transaction data in a data source;

transmitting the transaction data to a second financial institution;

receiving a first statement of financial transactions generated according to a first set of rules from the second financial institution;

retrieving the copy of the transaction data from the data source;

generating a second statement of financial transactions from the copy of the transaction data using a

second set of rules;

comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first statement of financial transactions and the second statement of financial transactions, the discrepancy being selected from the group consisting of differing total transaction amounts, differing interchange fees, differing exchange rates, differing amounts of a single transaction, differing transaction dates, and differing transaction merchants; and

determining causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions.

11. (Previously presented) The method of claim 10, wherein the step of comparing the second statement of financial transactions to the first statement of financial transactions includes comparing a first value from the first statement of financial transactions with a second value from the second statement of financial transactions to determine a difference between the first value and the second value.

12. (Previously presented) The method of claim 10, wherein the step of determining causation of the discrepancy between the first statement of financial transactions and the second statement of financial transactions includes evaluating a list of possible errors.

13. (Previously presented) The method of claim 10, further including instituting correction action upon identifying discrepancy between the first statement of financial transactions and the second statement of financial transactions.

14. (Previously presented) The method of claim 10, wherein the second set of rules is consistent with and compiled from the first set of rules such that the second statement of financial transactions simulates the first statement of financial transactions and generates similar results given similar data input.

15. (Previously presented) The method of claim 10, wherein the second statement of financial transactions is generated on a per transaction basis.

16. (Previously presented) A credit card processing system, comprising a data processing center having:

a communication link to a bank to receive transaction data;

a data source for storing a copy of the transaction data;

a communication link to a credit card association to transmit the transaction data and to receive a first statement of credit card transactions generated using a first set of rules, wherein the data processing center retrieves the copy of the transaction data from the data source and generates a second statement of credit card transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of credit card transactions and compares the second statement of credit card transactions to the first statement of credit card transactions to identify discrepancy between the first statement of credit card transactions and the second statement of credit card transactions.

17. (Previously presented) The credit card processing system of claim 16, wherein the data processing center identifies causation of the discrepancy between the first statement of credit card transactions and the second statement of credit card transactions.

18. (Previously presented) The credit card processing system of claim 17, wherein the data processing center identifies the causation of the discrepancy between the first statement of credit card transactions and the second statement of credit card transactions by evaluating a list of possible errors.

19. (Previously presented) The credit card processing system of claim 16, wherein the data processing center recommends correction action upon identifying discrepancy between the first statement of credit card transactions and the second statement of credit card transactions.

20. (Previously presented) The credit card processing system of claim 16, wherein the second set of rules is compiled from the first set of rules such that the second statement of credit card transactions simulates the first



statement of credit card transactions and generates similar results given similar data input.

21. (Previously presented) A computer based system for reconciling financial transactions, comprising:

means for receiving transaction data from a bank;

means for storing a copy of the transaction data in a data source;

means for transmitting the transaction data to a credit card association;

means for receiving a first statement of financial transactions generated according to a first set of rules from the credit card association;

means for retrieving the copy of the transaction data from the data source;

means for generating a second statement of financial transactions from the copy of the transaction data using a second set of rules consistent with the first set of rules used to generate the first statement of financial transactions; and

means for comparing the second statement of financial transactions to the first statement of financial transactions to identify discrepancy between the first

statement of financial transactions and the second  
statement of financial transactions.

22. (Previously presented) The computer based system of  
claim 21, further including means for identifying causation  
of the discrepancy between the first statement of financial  
transactions and the second statement of financial  
transactions.

23. (Previously presented) The computer based system of  
claim 21, further including means for instituting  
correction action upon identifying discrepancy between the  
first statement of financial transactions and the second  
statement of financial transactions.

24. (Previously presented) The computer based system of  
claim 21, wherein the second set of rules is compiled from  
the first set of rules such that the second statement of  
financial transactions simulates the first statement of  
financial transactions and generates similar results given  
similar data input.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles *et al.*  
APPEAL BRIEF

**IX. EVIDENCE APPENDIX**

None.

USPTO Serial No.: 10/629,784  
Appellant(s): W. Jeffrey Knowles *et al.*  
APPEAL BRIEF

**X. RELATED PROCEEDINGS APPENDIX**

Appellant currently has an appeal pending for related application number 10/370,676 ('676 appeal). No decision by the Board has been made on the '676 appeal. With the exception of the above related application currently on appeal, neither Appellant, nor Assignee or Appellant's legal representative are aware of any other appeals, interferences or judicial proceedings which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.